

Friday, November 28, 2003

## Soaring home prices fuel apartment, condo sales

By Tony Illia

Rising home prices are driving apartment and condominium sales through the roof. The median new home price in the third quarter is \$168,000, a 14 percent increase from a year ago.

In some places, such as Summerlin, new homes appreciated by 21 percent in the third quarter compared to the same period in 2002. The median price of a Summerlin home is now \$230,000, up \$40,000 from last year, says Larry Murphy, president of SalesTraq.

As such, more economically priced alternatives are seeing increased activity. The apartment market, for example, has exploded with sales of 5-to-99-unit apartment complexes growing by 48 percent in the third quarter as opposed to last year, says Michael Belnick, an apartment specialist with Re/Max Central Commercial.

Despite this, third-quarter asking rents remained relatively flat from a year ago at \$719 a month. While rents are expected to rise 0.4 percent by the end of the year to an average of \$722, it's still a cost-effective bargain when compared to a 1 percent monthly appreciation of new home prices.

According to Marcus & Millichap, developers are set to deliver 6,000 new apartment units this year with only 3,000 units are slated to have leases expire in 2004.

Condominium units have also benefited from escalating new home prices. There were 5,754 closings through September, an 11 percent growth from 2002, says Murphy. In addition, the median condo price has risen from \$95,900 to \$106,000 over last 12 months. (That excludes such high-rise luxury units such as Turnberry Place or Park Towers).

"Rising median home prices have fueled increased interest in condominium and apartment developments," says [John Restrepo](#), principal of [Restrepo Consulting Group LLC](#), a Las Vegas-based economic research firm.

"Large homebuilders are beginning to realize that the average Las Vegas wage earner is getting priced out of the single-family detached home market. As a result, densities have increased and more traditional homebuilders are turning to multi-family developments as an affordable alternative."

### Consultants join forces

Property Line and Applied Analysis have announced a new alliance to provide customized real estate reports online at [www.propertyline.com](http://www.propertyline.com), beginning in early 2004. Initially, the two companies will only offer the service for Southern Nevada. Eventually, they plan to expand, offering service for Phoenix, Southern California and other major markets.

### Sale completed

Hearthstone Homes of Las Vegas has sold its inventory of 500 residential lots, totaling 50 acres, to Richmond American Homes, a subsidiary of Denver-based M.D.C. Holdings Inc. The terms were not disclosed. As part of the transaction, the 7-year-old local home-builder will lay-off 14 employees. Hearthstone has sold 73 homes so far this year.

### Paving bought out

Aggregate Industries of Markfield, England, has purchased Las Vegas-based Southern Nevada Paving Company Inc., for \$64.1 million in cash. The acquisition consists of six gravel crushing operations, four asphalt plants, 600 pieces of construction machinery, and the company's 50 percent interest in the 530-acre Sloan Mountain quarry, just outside of Las Vegas.

Last year, Southern Nevada Paving performed roughly 400 jobs valued at \$101 million. The 42-year-old, 500-employee firm is currently working at the \$1.8 billion, 2,701-room Wynn Las Vegas Resort.

**Beltway completed**

Clark County recently completed the final 4.5-mile leg of the Interstate 215/Beltway from Lone Mountain road to El Capitan Way. Boise-based Washington Group International was the general contractor. The finished stretch of roadway marks the completion of the \$900 million, 53-mile Beltway's initial facility, a combination of highway and frontage roads forming a loop around the Las Vegas Valley.

**New developments**

Distinctive Homes, LLC is developing a \$2.7 million, 20 single-family home subdivision called the Springs at Stetson Ranch, located on the southwest corner of Patrick Lane and Grand Canyon Drive in southwest Las Vegas. Silver State Bank provided the financing.

Clark & Sullivan Constructors is the design-build contractor for a \$9.75 million, 14,620-square-foot gymnasium and 60,000-square-foot industrial building at the High Desert State Prison near Indian Springs.

DM Real Estate Holdings LLC is building a \$2 million, 41,400-square-foot industrial warehouse/office building on Statz Street north of Craig Road in North Las Vegas. Silver State Bank provided the financing.

The Nevada College of Pharmacy recently moved into its new 100,000-square-foot facility located at 11 Sunset Way in Henderson. The school signed a \$16.8 million, 10-year lease earlier this year. Judi Woodyard of Commercial Associates was the broker.

The Associated General Contractors, Las Vegas chapter, has named Taylor International as its "Contractor of the Year." The firm most recently worked at the Venetian hotel-casino. Pete King Nevada Corp. was named "Associate of the Year."

**Finally...** Grand Day, LLC recently purchased a 5-acre parcel at the southwest corner of Russell Road and Grand Canyon Drive in southwest Las Vegas for \$1.2 million. The land will be developed for retail use. Builder's Capital, Inc. provided the loan.